

Members

Rep. Markt Lytle, Chair
Rep. Robert Cherry
Rep. John Frenz
Rep. William Friend
Rep. Scott Mellinger
Rep. Jeff Thompson
Sen. Robert Jackman, Vice-Chair
Sen. Sue Landske
Sen. Connie Lawson
Sen. James Lewis
Sen. Katie Wolf
Sen. Richard Young



INTERIM STUDY COMMITTEE ON RURAL AND AGRICULTURAL ISSUES

LSA Staff:

Brian Tabor, Fiscal Analyst for the Committee
Steve Wenning, Attorney for the Committee

Authority: Legislative Council Resolution 00-1
(Adopted May 25, 2000)

*Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 232-9855 Fax: (317) 232-2554*

MEETING MINUTES¹

Meeting Date: October 12, 2000
Meeting Time: 10:30 a.m.
Meeting Place: Tractor Supply Company
Meeting City: Pendleton, Indiana
Meeting Number: 3

Members Present: Rep. Markt Lytle, Chair; Rep. Scott Mellinger; Rep. Robert Cherry; Rep. William Friend; Rep. Jeff Thompson; Sen. Robert Jackman, Vice-Chair.

Members Absent: Rep. John Frenz; Sen. Sue Landske; Sen. Connie Lawson; Sen. Richard Young; Sen. Katie Wolf; Sen. James Lewis.

Call to Order

Representative Markt Lytle, Chair, called the meeting to order at approximately 10:45 a.m. The Chairman asked Committee members to introduce themselves to the audience of more than 100 people.

Update on the October 3rd Meeting on Tobacco Issues

Chairman Lytle gave an update of the October 3rd, 2000, meeting hosted by the Office of the Commissioner of Agriculture (OCA). Committee members Senator Robert Jackman, Representative William Friend, and Representative Robert Cherry were in attendance along with the Chairman. The meeting featured a discussion of SEA 108 (2000) and efforts to provide Indiana's tobacco farmers with economic assistance from the Master Settlement Agreement. Chairman Lytle reported that the Governor's Office has committed \$28.5 M for this purpose from the interest on the Phase One settlement. The Chairman emphasized the need to help Indiana's tobacco farmers by developing markets for alternative crops to ease their transition. A

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

representative from the OCA provided the Committee with materials regarding the October 3rd meeting (see Exhibit A).

Senator Jackman, the Committee's Vice-Chairman, stated that he felt the October 3rd meeting was productive, however, he proposed a follow-up meeting with fewer participants. Senator Jackman suggested a group of four legislators (one from each caucus) and individuals representing tobacco growers and quota holders.

Regional Sewer Districts

Chairman Lytle briefly outlined the situation regarding regional sewer districts (RSDs) discussed at the Committee's last meeting in Jennings County. He stated that he had read several letters concerning a similar situation in southern Madison County. Chairman Lytle then turned to Representative Scott Mellinger to introduce the topic.

Representative Mellinger thanked Tractor Supply Company for hosting the meeting and stated that he first learned of the RSD problem in Fall Creek Township in 1999. He added that he has been a customer of the Fall Creek Regional Waste District since the 1980's. Representative Mellinger then outlined some of the potential problems with RSDs. He stated that there may be a lack of protection in current law for property owners, and that communication between local boards and customers is essential.

Representative Mellinger also suggested that rate regulation by the Indiana Utility Regulatory Commission (IURC) or county executives may be necessary, that an appeal system should exist, and that elections or changes in the appointment procedures of sewer district board members may also improve some problematic situations. He added that homeowners with new and fully functioning septic systems should not be forced to hook up to sewers.

Public Testimony

David Butler thanked the Committee and stated that RSD law reform was needed (see Exhibit B for an outline of Mr. Butler's remarks). He was concerned that his group, the South Madison County Concerned Citizens Association (SMCCCA), did not really have a voice and that the influence of professional lobbyists outweighed the input of citizens. He also commented that the membership of the local sewer district board did not reflect the population of the area that it serves. Some of the other concerns expressed by Mr. Butler were:

- Audits conducted by the State Board of Accounts had not been reviewed;
- the Fall Creek Regional Waste District had not been audited since 1996;
- there is insufficient disclosure of finances (including salaries and expenses); and
- the current rate base of \$56.28 may be excessive.

Mr. Butler was frustrated after having to hook up to the sewer system even though his septic tank was only seven years old. He asked the Committee to consider giving the IURC oversight of sewer rates and operations. Senator Jackman asked how an RSD could recover its costs without required hook-ups. Mr. Butler was unsure, but replied that he was satisfied with his old septic system.

Ms. Andrea McClain, also a member of SMCCCA, stated that she was not yet served by the local RSD, but that she was concerned about the price she would eventually be paying. She noted that some residents had initially been quoted monthly rates of almost \$70, however, there are six different rates in the Fall Creek service area, including some where the monthly fee was as low as \$35.80. Ms. McClain was also concerned about capacity fees and was unsure as to why they were assessed.

Ms. McClain took issue with the local sewer district board itself, and was frustrated that the members were appointed by town councils rather than elected. She expressed her belief that the present system lacks accountability, and that the board's membership did not reflect the customer base of the district (see Exhibit C for information provided by Ms. McClain). Ms. McClain also felt that notification was not performed in a timely manner, and that certain legal ads were confusing when they did not contain the commonly recognized name of a subdivision.

Ivan Wagner (see Exhibit D) was also concerned with accountability, rate levels, access to plans and records, and the time given for public notice of hearings. Chairman Lytle suggested that to improve accountability, county commissioners may need to be involved in RSD procedures. The Chairman also stated that HEA 1248 (2000) may have taken care of some of Mr. Wagner's concerns regarding public notification by requiring first-class delivery of certain notices.

Mr. Tom Hall then spoke and asked Committee members to refer to a handout which he provided (see Exhibit E). These charts showed the per home costs of providing sewers, and Mr. Hall was concerned that some homes were being served not out of necessity, but rather to fund expansion of the district.

Chairman Lytle then noted that the general concerns expressed here in Madison County (the need for more regulations and accountability) differed from those at the Jennings County meeting, where forced hook-ups was the main issue. Representative Mellinger then remarked that RSDs have worked well in many areas of the state, and that many concerned citizens were satisfied with the provisions made in HEA 1248 (2000).

Chairman Lytle then called for a brief recess at approximately 1 p.m.

Shortly after 1:45 p.m., Chairman Lytle again called the meeting to order and recognized Mr. Jarrett Dixon. Mr. Dixon stated that he was not yet a customer of the Fall Creek RSD, but had received his first bill in January of 1999. Mr. Dixon was told that he did not need to pay this bill despite written language on the notice to the contrary.

Jodi Holt then addressed the Committee and stated that her problem with the local district was a lack of trust. Ms. Holt also felt that sewers were being extended into certain areas to fund future growth, rather than because of environmental concerns. Chairman Lytle explained that while he did not know all of the specifics of this particular situation, RSDs often need to expand their customer base to receive a sufficient return on their investment.

Joe Rowlett of the Fall Creek Regional Waste District and President of the Indiana Regional Water and Sewer District Association was then recognized by the Chairman. Mr. Rowlett provided a list of public meetings and hearings held by his RSD since January 1997 (see Exhibit F). He stated that the only goals of the RSD are to ensure public health and protect the environment. Mr. Rowlett explained that his district serves 4,200 residential customers and three facilities operated by the Department of Correction.

Mr. Rowlett stated that he did not at anytime intend to provide anyone with inaccurate information. Mr. Rowlett then addressed Mr. Dixon and reassured him that he did not have to pay the bills he had received before his service began. He explained that the local sewer board had waived these charges even though some payments were sought to help satisfy the bond issue. Mr. Rowlett also explained issues related to the expansion of the sewer system into areas west of Interstate 69.

Mr. Rowlett stated that he supported HEA 1248 (2000) and its notification requirements, and that the Fall Creek district did not directly pay fees for lobbying against such legislation. He

added that the State Board of Accounts was now nearing completion of a new audit, however, he was not aware of any administrative recommendations that would be made. He also stated that the RSD's financial statements are posted at the district's monthly public meetings.

Mr. Rowlett then announced that the Fall Creek Regional Waste District had obtained a twenty-year, zero-interest, \$3.2 M loan from the State Budget Agency specifically for rate relief. He stated that this loan would allow the district to reduce monthly rates to about \$36 in all areas of service.

Representative Friend observed that much of the problem in this situation related to a breakdown in communication. He remarked that the rural electric cooperative in his district holds open annual meetings, provides full disclosure of finances, and even holds customer appreciation days. Representative Thompson then inquired if any research has determined the incremental environmental benefit (specifically to the White River) of converting one septic tank over to the sewer system. Mr. Rowlett responded that a study on this very subject was just now nearing completion.

Committee Discussion

After some discussion between Committee members and the citizens present at the meeting (see Exhibits G through I for other handouts from citizens), Representative Mellinger stated that the day's testimony had allowed the members to understand this community's concerns. He also stated that the individuals who spoke were helping to generate ideas for future legislation to ensure that such problems do not arise in the future.

Chairman Lytle announced that the topics of farm truck regulation (see Exhibit J) and "safety nets" for Indiana family farms (see Exhibit K) would be taken up at the final meeting. He then asked LSA staff to schedule a convenient date and meeting place. The meeting was adjourned at approximately 3:45 p.m.